(3)

Supreme Court, U.S.
FILED
APR 4 - 2005
OFFICE OF THE CLERK

No. 04-1171

IN THE
Supreme Court of the United States

ST. JUDE MEDICAL, INC.,
PACESETTER, INC., AND VENTRITEX, INC.,
Petitioners,

v.

CARDIAC PACEMAKERS, INC.,
GUIDANT SALES CORPORATION, ELI LILLY AND COMPANY,
and ANNA MIROWSKI,
Respondents.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

RESPONDENTS' BRIEF IN OPPOSITION

JOHN R. SCHAIBLEY, III
BAKER & DANIELS
300 North Meridian Street
Suite 2700
Indianapolis, IN 46204
(317) 237-1283

ARTHUR I. NEUSTADT
OBLON, SPIVAK,
McCLELLAND, MAIER &
NEUSTADT, P.C.
1940 Duke Street
Alexandria, VA 22314
(703) 413-3000

J. MICHAEL JAKES
Counsel of Record
KARA F. STOLL
MICHAEL V. O'SHAUGHNESSY
FINNEGAN, HENDERSON,
FARABOW, GARRETT
& DUNNER, L.L.P.
901 New York Avenue, N.W.
Washington, D.C. 20001
(202) 408-4000

April 4, 2005

Counsel for Respondents

QUESTIONS PRESENTED

1. Is the question presented as framed by Petitioners based upon mischaracterizations of the record and the opinions below?

2. Should this Court review the Court of Appeals' correct conclusion that the District Court's grant of a new trial on a specific issue constituted an abuse of discretion under the circumstances of this particular case?

PARTIES TO THE PROCEEDING BELOW AND RULE 29.6 STATEMENT

The parties are Petitioners, St. Jude Medical, Inc., Pacesetter, Inc., and Ventritex, Inc., and Respondents, Cardiac Pacemakers, Inc., Guidant Sales Corporation, Eli Lilly and Company, and Anna Mirowski.

Pursuant to Supreme Court Rule 29.6, Respondents state that Guidant Corporation is the parent corporation of Cardiac Pacemakers, Inc., which is the parent corporation of Guidant Sales Corporation. Mirowski Family Ventures, L.L.C., is the successor in interest to Anna Mirowski. There are no publicly held companies that own 10 percent or more of the stock of Guidant Corporation, Eli Lilly and Company, or Mirowski Family Ventures, L.L.C.

TABLE OF CONTENTS

QUESTIONS PRESENTED i

PARTIES TO THE PROCEEDING BELOW AND RULE 29.6 STATEMENT ii

TABLE OF CONTENTS iii

TABLE OF AUTHORITIES v

RESPONDENTS' BRIEF IN OPPOSITION 1

STATEMENT OF THE CASE 1

SUMMARY OF ARGUMENT 8

REASONS FOR DENYING THE WRIT 10

I. THE INTERLOCUTORY DECISION BELOW PRESENTS NO QUESTION OF GENERAL IMPORTANCE 10

II. THE FEDERAL CIRCUIT APPLIED ESTABLISHED PRINCIPLES OF LAW 14

A. District Court Decisions Granting New Trials Are Routinely Reviewed For Abuse of Discretion 14

B. The Federal Circuit Properly Reviewed the District Court's New Trial Order Under the Abuse of Discretion Standard 15

C. The Opinion Below Does Not Create a Split Among the Circuits, and There Is No Basis to Invoke this Court's Supervisory Powers 16

III. THE COURT OF APPEALS CORRECTLY REVERSED THE DISTRICT COURT'S GRANT OF A NEW TRIAL 20

IV. THE PETITION'S MISCHARACTERIZATIONS WARRANT DENIAL OF DISCRETIONARY REVIEW 23

CONCLUSION 25

TABLE OF AUTHORITIES

FEDERAL CASES

Cases

Arizona v. Washington,
434 U.S. 497 (1978) 15

Brotherhood of Locomotive Firemen & Enginemen v. Bangor & Aroostook R. Co.,
389 U.S. 327 (1967) 13

Dixon v. Comm'r of Internal Rev.,
316 F.3d 1041 (9th Cir. 2003) 17

Estelle v. Gamble,
429 U.S. 97 (1976) 13

Fierro v. Johnson,
197 F.3d 147 (5th Cir. 1999) 18

Gasperini v. Center for Humanities, Inc.,
518 U.S. 415 (1996) 15

Hamilton-Brown Shoe Co. v. Wolf Bros. & Co.,
240 U.S. 251 (1916) 13

Harre v. A.H. Robins Co., Inc.,
750 F.2d 1501 (11th Cir. 1985) 18

Hazel-Atlas Glass Co. v. Hartford Empire Co.,
322 U.S. 238 (1944) 19

Hewitt v. B.F. Goodrich Co.,
732 F.2d 1554 (11th Cir. 1984) 18

Massey v. Gulf Oil Corp.,
508 F.2d 92 (5th Cir. 1975) 17

NLRB v. Hendricks County Rural Electric Membership Corp., 454 U.S. 170 (1981) 12

Payton v. Abbott Labs.,
780 F.2d 147 (1st Cir. 1985) 18

Pearson v. First NH Mtg. Corp.,
200 F.3d 30 (1st Cir. 1999) 18

Pounders v. Watson,
521 U.S. 982 (1997) 11

Pumphrey v. K.W. Thompson Tool Co.,
62 F.3d 1128 (9th Cir. 1995) 17

Rice v. Sioux City Memorial Park Cemetery, Inc.,
349 U.S. 70 (1955) 12

Ross v. Moffitt,
417 U.S. 600 (1974) 10

Rudolph v. United States,
370 U.S. 269 (1962) 11

Texas v. Mead,
465 U.S. 1041 (1984) 12

United States v. Buck,
281 F.3d 1336 (10th Cir. 2002) 18

United States v. Johnston,
268 U.S. 220 (1925) 12

United States v. Sanchez,
969 F.2d 1409 (2d Cir. 1992).....19

United States v. Shaffer Equip. Co.,
11 F.3d 450 (4th Cir. 1993).....18

Virgin Islands Hous. Auth. v. David,
823 F.2d 764 (3rd Cir. 1987).....18

Williams v. City of Valdosta,
689 F.2d 964 (11th Cir. 1982).....17

Rules

Supreme Court Rule 10.....10

RESPONDENTS' BRIEF IN OPPOSITION

Respondents, Cardiac Pacemakers, Inc. ("CPI"), Guidant Sales Corporation ("GSC"), Eli Lilly and Company (Lilly"), and Anna Mirowski, Plaintiffs-Appellants in the proceedings below, urge the Court to deny the Petition for Writ of Certiorari to review the judgment of the United States Court of Appeals for the Federal Circuit entered on August 31, 2004.

STATEMENT OF THE CASE[1]

CPI, GSC, and Lilly commenced this action in 1996 against St. Jude Medical, Inc., et al. (collectively "St. Jude") for infringement of four patents, including U.S. Patent Nos. 4,407,288 (the '288 Patent) and 4,316,472 (the '472 Patent). The '288 Patent, which expired in 2003, relates to improved implantable cardiac defibrillators (ICDs) capable of detecting a heart arrhythmia (abnormal heart rate) and correcting the occurrence. The '288 Patent embodies an invention of Dr. Mieczyslaw Mirowski and his colleagues for multi-mode operation whereby the ICDs can administer successive, alternative modes of therapy, including pacing and cardioversion to correct an arrhythmia. This multi-mode design offers advanced life-saving technology that now serves as the platform for all commercially viable products implanted in patients today. Despite the impact the

---

[1] Petitioners distort the record, mischaracterize the opinion below, and make inaccurate assertions. Accordingly, Respondents have undertaken here to provide the Court with an accurate Statement of the Case.

Mirowski innovation played within the industry, St. Jude defended against CPI's infringement claims by alleging that Dr. Mirowski's patented innovations were obvious in light of the prior art and failed to disclose the best mode of operation.

During the two-week trial, the parties presented voluminous evidence, including expert testimony, relating to the infringement and validity of the asserted patents. Dr. Bourland served as one of CPI's expert witnesses. The Petition attempts to obfuscate, however, the fact that Dr. Bourland testified at trial only with respect to infringement of the '288 Patent, and did *not* testify on validity of the '288 Patent.[2] (*E.g.* 122a)

As set forth in the District Court's opinion, Dr. Bourland testified falsely about the work he had done as an expert in another patent case, *Moore v. Medtronic*, involving similar technology. Specifically, during his deposition, Dr. Bourland testified that he did not prepare expert reports in the *Moore* case when, in fact, he had (123a); and at trial Dr. Bourland falsely denied previous expert witness experience in a patent case. (128a)

During the trial St. Jude moved for sanctions to remedy Dr. Bourland's false testimony and the District Court imposed sanctions. Contrary to St. Jude's suggestion (Pet. at

---

[2] St. Jude asserts that "CPI elected not to have Dr. Bourland testify on obviousness at trial because, contrary to his sworn testimony, Dr. Bourland had in fact been retained as an expert in the Medtronic patent litigation ... he had in fact prepared an expert report in that case; and ... Dr. Bourland's *Moore* report in fact directly contradicted the theory of non-obviousness advanced by CPI at trial." (Pet. at 4) (citing 122a, 133a-134a) The Petition's citations to the record do not support this accusation, and St. Jude's charge is simply wrong.

5), the District Court did not "simply advise the jury that '[t]he report Dr. Bourland prepared in [the Moore case] should have been disclosed ... to the defendants in this case well before trial.'" In fact, the court further sanctioned CPI by permitting St. Jude to publish and read to the jury the contrasting portions of Dr. Bourland's report. (143a-144a) Additionally, the District Court instructed the jury that the false testimony should be considered "in evaluating Dr. Bourland's credibility, that is the credibility of all of Dr. Bourland's testimony." (144a (quoting Trial Tr. at 2890-91)) During closing arguments, St. Jude's attorney was further permitted to emphasize "the actions the court had taken and the inconsistencies between Dr. Bourland's positions in the two cases." (144a) In short, St. Jude had a field day at trial with the Bourland deception and Dr. Bourland's report in the *Moore* case.

Subsequent to Dr. Bourland's falsehoods being revealed and explored, the jury returned a verdict that St. Jude did not infringe the '288 Patent. At the same time, the jury found that St. Jude infringed the '472 Patent and awarded CPI $140 million in damages. The jury also rejected St. Jude's invalidity defenses regarding both patents.

After trial, the District Court permitted St. Jude to conduct post-trial discovery relating to Dr. Bourland's false testimony. Dr. Bourland ultimately explained that he "thought that would be a violation of the confidentiality agreement" in another case. (127a) (quoting post-trial deposition).[3]

---

[3] The District Court remarked that this professed excuse for deliberately lying about the *Moore* report was "of dubious credibility," but did not specifically decide whether this "asserted but ill-considered excuse is honest or not. . . ." (128a)

The District Court did not conclude that CPI and its attorneys had been "complicit" in Dr. Bourland's false testimony (Pet. at 6) or that CPI committed a "fraud" upon the Court. (Pet. *passim*) To the contrary, it expressly found that "The court ultimately does not disbelieve the lawyers' testimony that they failed to recognize Dr. Bourland's deception." (149a) (finding that the lawyers "failed to put the pieces together.") St. Jude's charges are at odds with the District Court opinion. The District Court rejected reliance on Rule 60(b)(3), observing Rule 60(b)(3) "authorizes relief from judgment for 'fraud . . . misrepresentation, or other misconduct of an adverse party', the Seventh Circuit has made clear that the misconduct must be attributable to a party. * * * This Court is not invoking Rule 60(b)(3). . . ." (151a-152a n.44) (invoking Rule 59 instead).[4] The District Court also did not find that CPI acted in bad faith (*see, e.g.* 152a; *see also* 154a n.46)[5] and specifically acknowledged "CPI's failure to recognize [Dr. Bourland's deception]." (152a n.44)

---

[4] It is plain that the District Court's comment on CPI's knowledge, quoted out of context by the Pet. at 6, was a reference to its "collective," i.e. constructive knowledge (139a) ("*when the knowledge of different CPI lawyers is viewed collectively*, CPI knew at the time of Dr. Bourland's trial testimony that it was false.") (emphasis added) St. Jude's quote omits the emphasized portion. While the District Court did criticize "CPI's collective negligence" in failing to recognize and correct the Bourland deception (140a), it ultimately found that the lawyers "failed to put the pieces together." (149a)

[5] Significantly, the District Court also expressly stated: "In light of the bad faith requirement in *Chambers*, 501 U.S. 32 at 49-50, the Court's conditional award and the award of post-trial fees and expenses relating to Dr. Bourland are not based on the Court's inherent power." (154a n. 46) St. Jude does not raise the conditional award in this Court, and CPI has already paid the award of post-trial fees and expenses relating to Dr. Bourland. This statement makes plain that the District Court made no finding of bad faith against CPI.

The District Court set aside the jury's award and entered judgment as a matter of law that, contrary to the unanimous jury verdict, both the '472 and '288 Patents were invalid. The court thus vacated the jury's verdict that St. Jude infringed the '472 Patent, thereby denying CPI the jury's award of $140 Million in damages. As another sanction, the District Court awarded St. Jude fees for post-trial discovery and briefing of the issues relating to Dr. Bourland's false testimony. CPI was therefore required to pay St. Jude $376,917.63. CPI has complied with this sanction and paid the imposed fees.

As an additional sanction, the District Court granted a new trial. The grant of a new trial was the alternative relief St. Jude sought after trial to remedy the Bourland deception. St. Jude principally sought an order striking Dr. Bourland's testimony from the trial evidence (which the District Court recognized "would call for judgment as a matter of law for St. Jude on all infringement claims"). (142a) In the alternative, St. Jude sought a new trial on all issues upon which it did not prevail at trial. *Id.* The District Court itself recognized that sanctions must be proportionate to the conduct giving rise to them. (148a) The District Court rejected St. Jude's motion to strike Dr. Bourland's testimony. Finding that striking Dr. Bourland's testimony would be "too severe in this situation," the District Court stated that "the remedy can be tailored more closely to the harm caused, which would be the need for a new trial." (150a)

The District Court, however, did not conclude that a new trial was called for on all issues; rather, the District Court decided that a new trial is called for on "*most* issues" as to which Respondents prevailed. (150a) (concluding that the double patenting defense to the '472 Patent and the issue of infringement of claim 1 of the '472 Patent were issues for

which a new trial was not appropriate.) (150a) For example, the District Court explicitly stated that the issue of infringement of claim 1 of the '472 Patent was unaffected by Dr. Bourland's testimony because it depended exclusively upon claim construction. (*See id.*)

Respondents appealed the District Court's judgment only with respect to the '288 Patent, arguing that the District Court committed reversible error by vacating the jury verdict and entering judgment as a matter of law that the '288 Patent was invalid. Respondents further argued that the District Court erred in performing its claim construction, thus rendering the jury's verdict of noninfringement improper. Thus, Respondents did not appeal any issue that had even been arguably "tainted" by Dr. Bourland's false testimony.

In its responsive brief on appeal below, St. Jude raised the additional issue of whether the District Court's order conditionally granting a new trial was within the District Court's discretion. St. Jude contended that Dr. Bourland repeatedly lied, did so deliberately, and did so on matters that went to the heart of the case and to the heart of his credibility. Respondents responded by noting that Dr. Bourland did not testify with respect to any issue on appeal. Rather, Respondents lost at trial on the '288 infringement issue that Dr. Bourland addressed.

The Federal Circuit saw through St. Jude's lengthy argumentation concerning Dr. Bourland. It concluded that the District Court committed error, reinstated the unanimous jury verdict of validity of the '288 Patent, and further reversed the District Court's conditional grant of a new trial on validity of the '288 Patent as an abuse of discretion. In the opinion below, the Federal Circuit conducted a detailed and careful analysis of validity issues pertaining to the '288 Patent in reversing the District Court's JMOL and in its

assessment that the evidence was sufficient to support the jury's verdict of validity of the '288 Patent.

The Federal Circuit acknowledged and applied the well-established abuse of discretion standard in reviewing the District Court's decision to grant a new trial as an additional sanction for Dr. Bourland's testimony. (13a) In light of the entirety of the circumstances, the Federal Circuit concluded that the District Court's decision to vacate the jury verdict and grant a conditional new trial "exceeded the court's discretionary authority." (13a) In its petition for rehearing and rehearing *en banc* below, St. Jude acknowledged that "the panel appear[ed] to have concluded that the misconduct affected only infringement, not validity." (Pet. for Reh'g at 5) [6]

In its rehearing petition, St. Jude rehashed its previous arguments that it is entitled to a new trial on validity of the '288 Patent because of Dr. Bourland's false testimony on other matters. (Pet. for Reh'g at 7) St. Jude also argued that the jury was unable to consider Dr. Bourland's misconduct and his prior report, and that the Federal Circuit's reinstatement of the jury verdict conflicted with established law. (Pet. for Reh'g at 8, 10) The Federal Circuit denied St. Jude's petition without dissent.

---

[6] Moreover, in a ruling (which St. Jude does not challenge here) overturning yet another sanction "unrelated to the false testimony of [Bourland]," the Court of Appeals concluded that the "new trial here ordered is unrelated to the witness' deception." (20a)

SUMMARY OF ARGUMENT

"Strong and bitter words indicate a weak cause."
--Victor Hugo

The Petition is replete with strong and bitter words, but it fails to present any issue worthy of review by this Court. The Petition raises no constitutional issue, important question of federal law, or conflict among the circuits. Rather, St. Jude has resorted to fabricating an issue by misstating the facts, overstating the law, and mischaracterizing the trial record. St. Jude's disappointment with the Federal Circuit's decision, however, cannot change the fact that this case does not warrant review.

St. Jude asserts that: This is "the first time in the history of the Republic that a federal appellate court has held that a federal district court lacks the discretionary authority to order a new trial as a remedy and sanction for prejudicial misconduct committed by a litigant's witness and attorneys." (Pet. at 9) This statement is certifiably inaccurate. The Federal Circuit, of course, did not hold that a district court lacks discretion to grant a new trial. It simply held there was no conduct that was prejudicial relating to the '288 validity verdict. The court correctly applied the well-established abuse of discretion standard of review in reversing the District Court's improper conditional order for a new trial on this issue. The Federal Circuit properly recognized the limitations of the District Court's authority to grant a new trial and concluded that, under the circumstances, it had indeed "exceeded the court's discretionary authority." (13a)

St. Jude attempts to create the false impression that Dr. Bourland's false testimony went "unredressed" (Pet. at 27) and infected the jury verdict on '288 validity. However, the District Court actually imposed *numerous* severe

sanctions to address any taint actually created by Dr. Bourland's testimony. Moreover, St. Jude sidesteps the crucial fact that Dr. Bourland did not even testify at trial with respect to the issue St. Jude is seeking to have re-tried. Given that Dr. Bourland did not testify at trial on validity, it is plain that his deception could not have affected the validity verdict.

If this Court were to grant certiorari, it would find itself in the role of wading through St. Jude's factual distortions, only to find that the Federal Circuit correctly applied established principles of law and reversed a district court's grant of a new trial that simply went too far. The Federal Circuit panel saw through the smokescreen and unanimously rejected St. Jude's argument. Upon a petition for rehearing and rehearing *en banc*, the Federal Circuit declined to rehear, without dissent, St. Jude's arguments.

This case presents no question warranting this Court's attention. The decision below involves the application of settled principles to the facts of this particular case, and the decision below is supported by sound reasoning. There is no reason to hold a new trial on the validity of the '288 Patent, a patent which expired two years ago. The interlocutory nature of the case at this stage also counsels against granting review. In sum, the Petition does not present any issue worthy of this Court's consideration or even remotely suitable for this Court's certiorari jurisdiction. Hyperbole is no substitute for a certworthy question.

REASONS FOR DENYING THE WRIT

I. THE INTERLOCUTORY DECISION BELOW PRESENTS NO QUESTION OF GENERAL IMPORTANCE

St. Jude raises no issue sufficient to invoke discretionary review. *See Ross v. Moffitt*, 417 U.S. 600, 616-17 (1974) (stating that Supreme Court review "is discretionary and depends on numerous factors other than the perceived correctness of the judgment we are asked to review.") St. Jude merely seeks review of the Federal Circuit's application of established law. This Court generally declines to hear cases, such as this, where "the asserted error consists of erroneous factual findings or the misapplication of a properly stated rule of law." Sup. Ct. R. 10., Moreover, "a petition for a writ of certiorari will be granted only for compelling reasons." *Id.* St. Jude presents no such compelling reason. The Federal Circuit's review of the District Court's grant of a new trial under the "abuse of discretion" standard properly comports with settled doctrine, and it would be a waste of this Court's resources to wade into the record to decide whether a second trial should be held on the validity of a patent which has expired.

This is a complex, fact-intensive patent infringement action in which the Court of Appeals panel unanimously held that the District Court abused its discretion in granting a new trial on the issue of validity. The Federal Circuit conducted a detailed analysis of validity issues. The Federal Circuit correctly understood that the Bourland testimony did not taint the validity verdict, and hence, could not have been a proper basis for ordering a new trial on validity. The Petition in this case essentially asks this Court to conduct its own assessment of the record. The fact-bound nature of the

inquiry is evident from the Petition itself.

The Court of Appeals opinion plainly presents no question of general importance meriting this Court's review. Indeed, the tell tale signs that this case is not certworthy are found in the Petition itself.[7] The Petition's suggestion that summary disposition may be appropriate signifies that this case presents no question of general importance. The Petition points out there is "scant reference" to Dr. Bourland in the Court of Appeals opinion (Pet. at 15) and the Petition engages in speculation concerning the basis of the Court of Appeals' holding. (Pet. at 15-17) On its face, the Court of Appeals opinion announces no general rule in conflict with the decisions of this Court or any other court and it is absurd to suggest that the "scant reference" in the decision below on this issue will do anything to undermine "50 years of accepted federal practice." (Pet. at 17) Instead, this case merely involves the application of settled principles of law to the facts of a particular case. This is the very model of a question whose "review would be of no importance save to the litigants themselves." *Rudolph v. United States*, 370 U.S. 269, 270 (1962) (vacating improvident grant of certiorari).[8]

This Court has frequently cautioned that: "[W]e do not grant a [writ of] certiorari to review evidence and discuss specific facts." *United States v. Johnston*, 268 U.S. 220, 227

---

[7] Notwithstanding St. Jude's protestations to the contrary, review in this case would *at most* "amount to mere error correction." (Pet. at 22) As demonstrated *infra*, however, there plainly is no error to correct.

[8] This case in no way resembles *Pounders v. Watson*, 521 U.S. 982, 991 (1997) (*per curiam*) upon which the Petition attempts to rely. (Pet. at 21) In *Pounders*, the Court of Appeal's ruling "introduced uncertainty into routine proceedings" of many trial courts within the Court of Appeals' jurisdiction. *Id.*

(1925); *accord NLRB v. Hendricks County Rural Electric Membership Corp.*, 454 U.S. 170, 177 n.8 (1981); *Texas v. Mead*, 465 U.S. 1041, 1043 (1984) (Stevens, J., respecting the denial of certiorari). Doing so in this case would be particularly inappropriate given that the '288 Patent has expired. This Court should not expend its resources to determine whether a new validity trial should be held on an expired patent.[9] The application of the settled principles of law to the facts of this particular case can only have interest to particular litigants. However, this Court does not "sit for the benefit of the particular litigants." *Rice v. Sioux City Memorial Park Cemetery, Inc.* 349 U.S. 70, 74 (1955).

---

[9] The '288 Patent expired in 2003. Hence, the Petition's argument about the effect of a first ruling of patent validity, (Pet. at 24) not only is doctrinally flawed, but rings hollow in this case.

The interlocutory posture of the case also counsels against this Court's grant of discretionary review. Indeed, lack of finality may "of itself alone" provide "sufficient ground for the denial" of certiorari. *Hamilton-Brown Shoe Co. v. Wolf Bros. & Co.*, 240 U.S. 251, 258 (1916); *see also Brotherhood of Locomotive Firemen & Enginemen v. Bangor & Aroostook R. Co.*, 389 U.S. 327, 328 (1967) (denying certiorari "because the Court of Appeals remanded the case, [and thus] is not yet ripe for review by this Court"); *Estelle v. Gamble*, 429 U.S. 97, 114 (1976) (Stevens, J. dissenting) ("this Court's . . . normal practice of denying interlocutory review"). St. Jude is not seeking review of the Federal Circuit reversal of the District Court's JMOL of invalidity of the '288 Patent, and the case has been remanded for a trial on infringement and damages pertaining to the '288 Patent. In the event that Petitioners were to prevail below on noninfringement grounds, the issue of the validity of the now expired '288 Patent (whether or not technically moot) would not be of consequence even to Petitioners.

II. THE FEDERAL CIRCUIT APPLIED ESTABLISHED PRINCIPLES OF LAW

As a preliminary matter, the Federal Circuit, of course, did not hold that a district court "lacks the discretionary authority to order a new trial." (Pet. at 9) Rather, recognizing the abuse of discretion standard of review, the Federal Circuit clearly held that the District Court exceeded its discretion. (13a) Putting the mischaracterization of the Federal Circuit's actual opinion aside, appellate courts have repeatedly invoked the power of review to monitor and reverse a district court's new trial order, even where the new trial was granted as a sanction for misconduct.

A. District Court Decisions Granting New Trials Are Routinely Reviewed For Abuse of Discretion

St. Jude argues that the decision of the Federal Circuit conflicts with the "unbroken line of authority" that district courts enjoy "inherent discretionary authority" to "sanction and remedy litigation abuses." (Pet. at 9) While courts inherently possess the discretionary authority to sanction and remedy litigation abuses, that "inherent discretionary authority" is neither unlimited nor immune from appellate review.

The very cases cited by St. Jude hold that appellate courts are entrusted with the obligation to review a district court's "inherent discretionary authority" for an abuse of discretion. Whereas St. Jude selectively notes that the district courts must be afforded discretion in granting new trials, it fails to recognize the importance of the related admonition that "'surely there must be an upper limit'" on the discretionary authority of the District Courts. *Gasperini v.*

Center for Humanities, Inc., 518 U.S. 415, 435 (1996) (citation omitted). In short, the appellate courts "have an obligation to satisfy themselves that, in the words of Mr. Justice Story, the trial judge exercised 'sound discretion'" in granting relief. *Arizona v. Washington*, 434 U.S. 497, 514 (1978). The cases relied upon by St. Jude reflect an "unbroken line of authority" that the federal appellate courts are charged with the authority to reverse a district court's decision respecting a new trial where the court has exceeded its discretionary authority. That is exactly what the Federal Circuit did in this case.

B. The Federal Circuit Properly Reviewed the District Court's New Trial Order Under the Abuse of Discretion Standard

The Federal Circuit plainly and properly acknowledged that the District Court's new trial order must be reviewed for an abuse of discretion. (13a) Thus, the Federal Circuit conducted its review under the appropriately stated rule of law.

In briefing and oral argument below, St. Jude and CPI presented the facts relating to Dr. Bourland's false testimony. The parties advised the Federal Circuit of the nature of Dr. Bourland's false testimony, the extent to which it was revealed to the jury, the numerous corrective sanctions imposed by the District Court, and the verdict rendered by the jury. Upon considering the entire record before it, including the fact that Dr. Bourland did not testify on the issue of validity, the Court of Appeals concluded: "In these circumstances the conditional grant of a new trial exceeded

the [district] court's discretionary authority, and is vacated." (13a)[10]

C. The Opinion Below Does Not Create a Split Among the Circuits, and There Is No Basis to Invoke this Court's Supervisory Powers

The Federal Circuit's decision to vacate the District Court's new trial order conforms harmoniously with decisions in other circuits. St. Jude attempts to create a conflict where none exists by brandishing string citations and baldly asserting that the Federal Circuit's decision "squarely and unaccountably conflicts" with established precedent. St. Jude's contention, however, disregards the context and actual holdings of the cited cases.

St. Jude declares that the appellate courts have all recognized that: 1) the district courts have virtually unreviewable inherent discretion to grant new trials; and 2) the courts of appeals "lack the institutional competence to second-guess a district court order granting a new trial to remedy misconduct." (Pet. at 18) St. Jude contends that the Federal Circuit's decision constitutes a departure from *Hazel-Atlas* and "the decisions of literally *every* other circuit." (Pet. at 15) St. Jude's argument not only mischaracterizes this

---

[10] The brevity of the Federal Circuit's treatment of this issue is understandable and appropriate given that Dr. Bourland's testimony at trial was immaterial to the issues on appeal; hence, the Court of Appeals correctly deemed it was not worthy of extended analysis. The "scant reference to Dr. Bourland" (Pet. at 15) by the Federal Circuit puts the Bourland misconduct in proper perspective in the appeal. The Petition's criticism of the Federal Circuit opinion for failing to discuss what Petitioners regard as the "enormity of his misconduct" (*id.*) simply fails to put the misconduct in the proper perspective in light of the issues of the appeal.

case, but ignores the actual thrust of the cited cases. St. Jude's exaggerated rhetoric is necessary to invoke the cases that it cites. However, St. Jude's citations are largely inapplicable in light of the actual basis and nature of the District Court's opinion, which did not find Respondents guilty of fraud and did not order a new trial on all issues, but rather recognized that the remedy needed to be tailored to the harm caused.[11] While St. Jude purports to champion appellate deference to district courts, it does not faithfully portray the District Court opinion below or give due regard to the principles it espoused.

Case law establishes that an appellate court necessarily possesses the "institutional competence" to review a district court's grant of a new trial for an abuse of discretion, and that an appellate court may, and will, reverse a district court's grant of a new trial under appropriate circumstances. *See e.g., Williams v. City of Valdosta*, 689 F.2d 964, 976 (11th Cir. 1982) (holding that "the trial court abused its discretion in granting a new trial in the alternative."). Indeed, the cases show that the appellate courts more closely monitor such decisions where a new trial has been granted. For example, the Fifth Circuit has recognized that: "Our review of an order granting a motion for new trial is somewhat broader than review of an order denying a motion for new trial." *Massey v. Gulf Oil Corp.* 508 F.2d 92, 94 (5th Cir. 1975) *cert. denied* 423 U.S. 838 (1975); *accord Hewitt v. B.F. Goodrich Co.*, 732 F.2d 1554,

---

[11] Many of the authorities cited by the Petition, *see, e.g., Dixon v. Comm'r of Internal Rev.*, 316 F.3d 1041 (9th Cir. 2003); *Pumphrey v. K.W. Thompson Tool Co.*, 62 F.3d 1128 (9th Cir. 1995), *cert. denied* 516 U.S. 1158 (1996), are inapposite in view of the fact that the District Court was "not invoking Rule 60(b)(3)" (151a n.44), and the District Court did not find that Respondents committed a fraud on the court.

1556 (11th Cir. 1984). ("When the trial court grants a new trial our review is broader and requires a stringent application of the [abuse of discretion] standard.").

Ultimately, the cases cited by St. Jude merely stand for the unremarkable settled principle that federal appellate courts may review a district court's decision for an abuse of discretion, and under appropriate circumstances, reverse.[12] In this regard, the Petition's excessive use of pointless string cites is ultimately counterproductive. The citations merely show there is no confusion in the lower courts concerning the standard and certainly the brief discussion of this issue in the Court of Appeals' opinion below cannot reasonably be anticipated to create any such confusion.[13]

---

[12] *See Pearson v. First NH Mtg. Corp.*, 200 F.3d 30, 42 (1st Cir. 1999) (holding that bankruptcy court abused its discretion); *Virgin Islands Hous. Auth. v. David*, 823 F.2d 764, 766-67 (3rd Cir. 1987) (reversing judgment of district court); *United States v. Shaffer Equip. Co.*, 11 F.3d 450, 462-63 (4th Cir. 1993) (vacating district court judgment as providing "relief far beyond the harm caused," and stating that a district court's "inherent power" must be exercised with "restraint."); *Fierro v. Johnson*, 197 F.3d 147, 155 & n.16 (5th Cir. 1999), *cert. denied* 530 U.S. 1206 (2000) (noting, *inter alia*, perjury of single witness insufficient to establish fraud on court); *United States v. Buck*, 281 F.3d 1336, 1343 (10th Cir. 2002) (reviewing for abuse of discretion and stating that "not only was there no abuse of discretion in the denial, but granting relief on this record would have been an abuse" and observing there was no deliberate misconduct by the attorneys and relief based on fraud must be based on intentional misconduct); *Harre v. A.H. Robins Co., Inc.*, 750 F.2d 1501, 1503 (11th Cir. 1985) (reversing denial of Rule 60(b)(3) motion.). In *Payton v. Abbott Labs.*, 780 F.2d 147, 152 (1st Cir. 1985), the court remarked that : "*In the past, the district court's exercise of discretion was* virtually unreviewable." (emphasis added). St. Jude omits the emphasized language from its snippet quotation of *Payton*. *See* Pet. at 18.

[13] St. Jude's discussion of case law involving fraud in the patent process, Pet. at 24-26, is also flawed on multiple levels. It is sufficient to observe that the cases upon which St. Jude attempts to rely –

Nor is it unprecedented for appellate courts to vacate new trial orders predicated upon false testimony. In cases where something far more precious that corporate profits are at stake, courts reverse such orders where the false testimony did not affect the verdict. For example, in *United States v. Sanchez*, 969 F.2d 1409 (2d Cir. 1992), *on remand,* 813 F. Supp. 241 (S.D.N.Y. 1993), *appeal after remand,* 35 F.3d 673 (1994), *cert. denied*, 514 U.S. 1038 (1995), the district court, concluding that certain testimony of police constituted perjury, set aside the jury's conviction and entered an order granting a new trial. The Second Circuit reversed the district court's decision and ordered reinstatement of the jury's conviction. The court held that even if the testimony were perjured, "it could not be said that the jury probably would have acquitted in the absence of the false testimony." 969 F.2d at 1415 (alternative holding). On remand, the defendant argued that the prosecutors had knowingly used the perjured testimony. Although the district court stated it believed there should be a new trial due to the knowing use of perjured testimony, the district court held that the appellate court's mandate prohibited retrial. *See* 35 F.3d at 677. On appeal, the Second Circuit affirmed the denial of a new trial and reiterated its holding. *Id.* at 677-78.

Suffice it to say, this case hardly marks "the first time in the history of the Republic" that a federal appellate court has vacated a new trial order predicated on false testimony. This Court surely does not need to reevaluate the weighing of this issue in the context of this action.

---

cases dealing with fraud (inequitable conduct) in the prosecution of patent applications – are simply inapposite. Moreover, even a cursory examination of *Hazel-Atlas Glass Co. v. Hartford Empire Co.*, 322 U.S. 238 (1944) reveals it bears no resemblance to the facts of this case.

III. THE COURT OF APPEALS CORRECTLY REVERSED THE DISTRICT COURT'S GRANT OF A NEW TRIAL

The Court of Appeals correctly reversed the grant of a new trial on validity of the '288 Patent. Although St. Jude maintains that "it is of no moment . . . that Dr. Bourland did not testify affirmatively on obviousness at the trial," (Pet. at 17) that is exactly the central problem with St. Jude's argument. Dr. Bourland did not testify at trial on validity and thus, *a fortiori*, his deception could not have infected the jury's verdict on validity. At most, had the supposed full extent of Dr. Bourland's deception been presented to the jury, it would have merely permitted St. Jude to brand him as more of a liar, causing the jury to discount his testimony even further. But that testimony only related to infringement with respect to the '288 Patent, and the jury found *against* CPI on infringement of the '288 Patent. Thus, St. Jude won in front of the jury on the only issue that Dr. Bourland addressed concerning the '288 Patent, and the non-infringement judgment was reversed on grounds entirely unrelated to Dr. Bourland's testimony (the District Court's erroneous claim construction). Accordingly, even if the full extent of the deception had been presented and Dr. Bourland had been entirely discredited, it would be irrational to surmise that the validity verdict would have been any different. [14]

---

[14] The full hearing included St. Jude's extensive use of the *Moore* report at trial. As the District Court explained: "Dr. Bourland's report in the *Moore* case offered an extensive basis for impeaching his testimony in this case. It also offered an extensive basis for attacking CPI's defense of the validity of the '472 and '288 Patents." (131a) While the District Court excused St. Jude from its tactical decision to make little use of the *Moore* report in its cross-examination of Dr. Bourland twenty-four hours after receiving the *Moore* report (135a), St. Jude had

Fundamentally, however, an irrational verdict is exactly what St. Jude is advocating. St. Jude contends that the jury could have concluded not only that Bourland was a liar but also that CPI's "entire case should fail because of its knowing presentation of such lies." (Pet. at 18)[15] Thus, St. Jude is actually arguing that the jury should have been able to invalidate a U.S. Patent *not* because it was obvious, but because of misconduct by an expert witness retained by CPI (the exclusive licensee) who testified on a different issue. (*See* Pet. at 21) In effect, St. Jude is arguing that it should have had the right to inflame the passions of the jury on a discrete legal issue with a matter that was immaterial to that legal issue. The prospect is absurd, yet there is no other reason to have a new trial on validity. St. Jude had a full and fair hearing on validity that was untainted by Dr. Bourland's misconduct. The jury found the '288 Patent valid, and the Federal Circuit reviewed the evidence and found it sufficient to sustain that verdict.

---

plenty of time to prepare its demonstrative exhibits and use the *Moore* report against CPI on the various issues in the case. Bourland first testified on June 14; St. Jude displayed and argued its demonstrative exhibits on the *Moore* report thirteen days later, on June 27. (144a; Trial Tr. 2891-95) Moreover, the District Court opinion points out that the attorney who had prepared to cross-examine Dr. Bourland had an outline already prepared on validity issues and decided not to explore validity issues with Dr. Bourland on the stand when he did not testify regarding validity. *See id.* Under these circumstances, it is plain that at trial St. Jude had the best of both worlds on the obviousness issue – Dr. Bourland had not testified at trial on validity, and St. Jude was permitted to use and did use the *Moore* report against CPI at trial.

[15] Once again, St. Jude mischaracterizes the record; the District Court found that CPI did not, in fact, recognize the Bourland deception. *See supra* at 4.

The lack of merit in St. Jude's position is manifest. Had all of the post-trial information concerning the Bourland deception been known at the first trial, *the most* St. Jude could have hoped for was that the jury would disregard all of Bourland's testimony – a result which would have had no effect on obviousness since Bourland did not testify on that issue. The District Court's relevant instruction provided in pertinent part that if "you believe a witness has knowingly testified falsely about any significant matter, . . . you may reject all the testimony of that witness . . . ." (146a)[16]

It is also telling that St. Jude's request for a new trial was the *alternative* relief they requested due to the Bourland testimony, and that the District Court *denied* the principal relief they sought (to strike Bourland's testimony in its entirety). Had the District Court granted their motion to strike the Bourland testimony in its entirety, it would not have needed to reach the alternative motion for a new trial. And if the Bourland testimony had been stricken in its entirety, it would of course have had no subsequent effect on the validity verdict on the '288 Patent because Dr. Bourland did not testify on that issue at trial. The District Court's refusal to strike Dr. Bourland's testimony also belies St. Jude's pronouncements about the purported severity of Dr. Bourland's transgressions. While CPI in no way seeks to condone the Bourland deception, the District Court itself recognized that sanctions must be proportionate (148a), and also recognized that the Bourland testimony would not call for a new trial on all issues. (150a) The District Court flatly stated that effectively granting judgment as a matter of law

---

[16] Bourland's pretrial activity is similarly irrelevant. Had Bourland's misconduct been discovered before trial, one reasonable remedy would have been to bar him from testifying at trial. Moreover, while in his pre-trial report and deposition Dr. Bourland did opine on obviousness, he did not opine on best mode.

for defendant by striking the Bourland testimony "would be too severe in this situation." (150a) The District Court recognized that the remedy for the Bourland testimony should "be tailored more closely to the harm caused. . . ." (150a)

The Court of Appeals correctly concluded that the District Court swept too broadly by including the '288 validity verdict in its new trial order. A new trial on validity was not tailored to the harm caused by the Bourland deception. Plainly, the District Court's provisional grant of a new trial was overly broad in this respect. Correctly applying the standards that the District Court itself espoused, the jury verdict on the validity of the '288 Patent was not and could not reasonably be considered the result of any deception by Dr. Bourland, who did not even testify before the jury concerning that issue.

IV. THE PETITION'S MISCHARACTERIZATIONS WARRANT DENIAL OF DISCRETIONARY REVIEW

In an effort to create the illusion of injustice below, petitioners have exaggerated and mischaracterized the meaning and impact of the opinions below. It is ironic that this is done for the purported reason of remedying a deception by a witness, and it would be wrong to reward this diatribe with the attention of a Supreme Court case.

One need look no further than the question presented for examples of the Petition's misstatements. It asserts that the District Court made a "finding that respondents committed a fraud on the Court by knowingly presenting an expert witness who deliberately lied before, during, and after trial in order to conceal from the jury material evidence that

contravened the verdict. . . ." (Pet. at i) This is a gross mischaracterization of the District Court's findings. The District Court did not find that CPI (let alone all Respondents) committed a fraud.[17] St. Jude's charge is at odds with the District Court opinion. (151a-152a n.44; *see also supra* at 4) Equally baseless is the Petition's assertion that Respondents "knowingly present[ed] an expert witness who deliberately lied. . . ." (Pet. at i) The District Court specifically acknowledged "CPI's failure to recognize [Dr. Bourland's deception]" (152a n.44; *see also* 154a n.46) and expressly found that "the court ultimately does not disbelieve the lawyers' testimony that they failed to recognize Dr. Bourland's deception." (149a) (finding the lawyers "failed to put the pieces together.")

These and other baseless and inaccurate accusations[18] are unbecoming in a Petition to invoke this Court's discretionary certiorari jurisdiction and alone constitute sufficient reason for denying the Petition in this case, where the result would have importance only to particular litigants

---

[17] As Petitioners well know, there are multiple respondents in this case. In addition to CPI, Lilly and Mrs. Mirowski were parties below, and there was never any suggestion that either Lilly or Mrs. Mirowski (the widow of the inventor, added as a party shortly before trial) would have been aware of Dr. Bourland's report, much less any suggestion that they "committed a fraud on the Court" as the Petition irresponsibly alleges.

[18] *See, e.g.*, Pet. at 26 ("Although CPI perpetrated a massive fraud on St. Jude, the jury, and the District Court, the Federal Circuit's decision preserves CPI's ability to contend that it has a valid claim to the '288 Patent, without even the test of a fair hearing.") In fact, CPI perpetrated no fraud, massive or otherwise, on St. Jude, the jury or the District Court. *See supra* at 4. St. Jude not only has already had a fair trial on the validity of the now expired '288 Patent, but the Federal Circuit rejected their validity arguments in a detailed analysis.

themselves. The Court should not encourage such inflammatory rhetoric and overblown statements. What is potentially destructive of the public's perception of our judicial system (Pet. at 23) is not the decision below, but St. Jude's misleading Petition.

CONCLUSION

For the foregoing reasons, the Petition should be denied.

Respectfully submitted,

J. Michael Jakes
Counsel of Record
Kara F. Stoll
Michael V. O'Shaughnessy
FINNEGAN, HENDERSON, FARABOW, GARRETT & DUNNER, L.L.P.
901 New York Ave. NW
Washington, D.C. 20001
(202) 408-4000

John R. Schaibley III
Robert K. Stanley
BAKER & DANIELS
300 North Meridian Street
Indianapolis, Indiana 46204

Counsel for Respondents Cardiac Pacemakers, Inc., Guidant Sales Corporation, and Eli Lilly and Company

Arthur I. Neustadt
OBLON, SPIVAK,
MCCLELLAND, MAIER &
NEUSTADT, P.C.
1940 Duke Street
Alexandria, VA 22314

Counsel for Respondents
Anna Mirowski and
Mirowski Family Ventures,
LLC